

DEFICIENCIES IN BULLION ACCOUNTS OF THE MINTS.

L E T T E R

FROM

THE SECRETARY OF THE TREASURY,

RELATIVE TO

DEFICIENCIES IN THE BULLION ACCOUNTS OF THE MINTS AT
SAN FRANCISCO, PHILADELPHIA, NEW ORLEANS, AND CAR-
SON, AND ALSO IN THE ACCOUNTS OF THE BRANCH MINTS
OPERATED PRIOR TO APRIL 1, 1861, AT CHARLOTTE, N. C., AND
DAHLONEGA, GA.

JANUARY 10, 1901.—Referred to the Committee on Appropriations and ordered to
be printed.

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, January 4, 1901.

SIR: I have the honor to call your attention to a letter addressed you
under date of March 7, 1900 (copy inclosed herewith), relative to defi-
ciencies in the bullion accounts of the mints at San Francisco, Phila-
delphia, New Orleans, and Carson, and also in the accounts of the branch
mints operated prior to April 1, 1861, at Charlotte, N. C., and Dah-
lonega, Ga.

It is very desirable that Congress should enact the legislation neces-
sary to relieve the mints and the Treasurer of the United States from
carrying the amounts of the deficiencies in their respective accounts.

Respectfully,

L. J. GAGE, *Secretary.*

Hon. WILLIAM B. ALLISON,
Chairman Committee on Appropriations, United States Senate.

UNITED STATES SENATE,
Washington, D. C., December 12, 1899.

MY DEAR SIR: On page xvii of your report is an item relating to
deficiencies in the bullion accounts of mints. Will you kindly have

some one in your office draw a provision to be placed in some one of the bills relieving the Treasury of these accounts and also a general statement of how they originated at each mint?

Very truly, yours,

W. B. ALLISON.

Hon. LYMAN J. GAGE,
Secretary of the Treasury.

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, March 7, 1900.

SIR: In compliance with your request of December 12, 1899, I have the honor to submit the following provision to be placed in one of the appropriation bills, for the purpose of relieving the accounts of the Treasurer of the United States of the deficiencies existing in the bullion accounts of the mints at San Francisco, Cal., Philadelphia, Pa., New Orleans, La., and Carson, Nev., and also in the accounts of the branch mints operated prior to April 1, 1861, at Charlotte, N. C., and Dahlonega, Ga., viz:

To reimburse the Treasurer of the United States for so much of the public moneys transferred by direction of the Secretary of the Treasury under the provisions of section 18, act of January 18, 1837, and section 47, act of February 12, 1873, to the mints at San Francisco, Philadelphia, New Orleans, and Carson, and also to the branch mints formerly operated at Charlotte, N. C., and Dahlonega, Ga., for the payment of gold and silver bullion deposited and lost by wastage of the operative officers of said mints, loss on bullion sold in sweeps, and embezzlement of employees \$590,631.50.

MINT AT SAN FRANCISCO.

On the settlement of the accounts December 31, 1856, of the then melter and refiner, A. Haraszthy, it was found that in his operations the wastage in gold was \$150,550.70 in excess of the legal limit of allowance and in silver \$1,776.33, a total wastage of \$152,327.03 in excess of the legal allowance. Suit was instituted against Haraszthy and his sureties, and on trial judgment given for the defendant, it being alleged that the excessive wastage was due to the defective flues of the chimney of the refinery, permitting the escape of gold; and also that the assayer on whose report the value of the bullion delivered to the melter and refiner was determined was of unsound mind, and his assays were therefore unreliable.

The second item of deficiency is due to a difference of \$20,000 between the coiner and the cashier of a delivery of coin made December 9, 1895, the coiner charging the treasurer with \$120,000 in double eagles, and the cashier crediting the coiner with only \$100,000. Shortly after this transaction it was discovered that the cashier was guilty of the embezzlement of other moneys from the mint and had absconded. No suit appears to have been brought for the recovery of the sum from this treasurer or coiner of the mint.

The third item, \$1,926.21, is the amount of wastage claimed by the coiner for the fiscal year 1866 and not reimbursed the bullion fund from the appropriation for contingent expenses. The treasurer of the mint declined to admit the receipt of \$20,000, heretofore referred to,

claiming that the coiner's wastage was \$21,956.21, while the coiner maintained that his actual wastage for the fiscal year 1866 was only \$1,956.21.

The fourth item, \$10,665.28, is due to a loss in gold in the melter and refiner's department in 1867, caused by the fraudulent alterations of the assayer's report by a clerk, in increasing the fineness of certain gold deposits. The clerk was arrested, tried, and acquitted. No suit was brought against the melter and refiner for the recovery of this sum.

The sixth item, \$195,258.81, arises from the loss on sale of bullion contained in sweeps for a series of years prior to June 30, 1870, and wastage of operative officers not reimbursed the bullion fund from the appropriation for incidental and contingent expenses.

The seventh item, \$14,317.72, is the amount claimed by William Schmolz, coiner, to have been wasted in his gold operations from July 1 to August 14, 1869, and disallowed by the accounting officers, upon the ground that the wastage claimed was not a bona fide one. No suit appears to have been brought for the recovery of this sum.

The items above enumerated make a total deficit in the accounts of the mint at San Francisco of \$416,587.90.

MINT AT PHILADELPHIA.

The deficiency in the bullion accounts of this institution is \$13,543.82. Of this sum \$12,810.82 is the balance due on account of \$113,423.85 in gold bullion embezzled in 1893 by the then weigh clerk, Henry S. Cochran, and not recovered, and the remaining \$733 is a shortage found on recounting the number of silver dollars stored in the vaults of that institution. Suit was instituted for recovery of this sum from the late superintendent, Mr. O. C. Bosbyshell, and his sureties, and judgment was rendered in favor of the Government for the balance due on account of gold bullion embezzled, but the decision of the court was adverse to the Government for the loss of 733 silver dollars.

Mr. Bosbyshell appealed from the decision of the United States district and circuit courts to the Supreme Court of the United States, and pending a decision by the latter a bill was passed by both Houses of Congress relieving him from all responsibility for the loss of the gold bullion, but made no appropriation to reimburse the Treasurer for the loss.

MINT AT NEW ORLEANS.

The deficiency of \$23,000 in the accounts of the mint at New Orleans is the amount in currency the cashier, J. M. Dowling, claimed was destroyed by a fire that occurred in his vault between the closing of the same Saturday afternoon, June 24, and the opening of the same on Monday, June 26, 1893. The circumstances of the fire were such as to lead to the belief that it was of incendiary origin for the purpose of concealing a shortage in the cashier's accounts. The cashier was arrested, indicted, and tried for embezzlement, but upon trial in the United States district court was acquitted. Suit was also instituted against the then superintendent, A. W. Smyth, and his sureties for the recovery of this sum, and in December last a judgment rendered in favor of the Government for the amount. From the decision an appeal has been taken by the late superintendent and his sureties.

MINT AT CARSON.

The deficiency of \$75,549.75 existing in the bullion fund of this institution is due to the embezzlement of that amount in gold bullion from the melter and refiner's department by J. T. Jones while occupying the position of assistant melter and refiner, and James Heney, silver dissolver in the refinery, both of whom were arrested, tried, and convicted and are now undergoing imprisonment at hard labor for a term of eight years. The embezzlement of this sum was made between January 1, 1891, and June 1, 1894, and was effected by substitution of base silver bullion, containing a small percentage of gold. Suit has been instituted and is pending against the estate and sureties of E. R. Zabriskie, deceased, who held the position of melter and refiner at Carson during the period above mentioned. There is little probability of the recovery of any part of this sum.

BRANCH MINTS AT CHARLOTTE, N. C., AND DAHLONEGA, GA.

At the commencement of the civil war in 1861 there was in the branch mint at Charlotte, N. C., \$32,000, and at Dahlonega, Ga., \$27,950.03 in public moneys. It is alleged that these sums were taken possession of by the States of North Carolina and Georgia. In 1869 suit was instituted against Green W. Caldwell, treasurer of the branch mint at Charlotte, N. C., and his sureties for the recovery of \$32,000, and decided in 1874 in favor of the defendant.

No suit appears to have been instituted against the treasurer of the branch mint at Dahlonega for the amount due (\$27,950.03) the Government.

The deficiencies above enumerated aggregate \$590,631.70, with the possibility of recovering a small amount of the same.

Respectfully, yours,

L. J. GAGE, *Secretary.*

Hon. WILLIAM B. ALLISON,

Chairman Committee on Appropriations, United States Senate.